
SENATE BILL No. 463

DIGEST OF INTRODUCED BILL

Citations Affected: IC 12-7-2-131.8; IC 12-15-14.

Synopsis: Medicaid case mix reimbursement changes. Requires the state's Medicaid rate setting contractor to: (1) use the most recent completed year when calculating medians and provider rates; and (2) calculate the median for each rate component each quarter using all cost reports received by the state within a specified timeframe. Requires the office of Medicaid policy and planning: (1) to modify Medicaid reimbursement for health facilities to remove expenses for property taxes from the capital rate component and calculate the expenses in a new rate component; and (2) to adopt specified emergency and permanent rules.

Effective: Upon passage; March 31, 2003 (retroactive).

Dillon

January 21, 2003, read first time and referred to Committee on Health and Provider Services.

C
o
p
y



First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 463

A BILL FOR AN ACT to amend the Indiana Code concerning Medicaid.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 12-7-2-131.8 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: **Sec. 131.8. "Most recent**
4 **completed year"**, for purposes of IC 12-15-14, has the meaning set
5 **forth in IC 12-15-14-6(b).**

6 SECTION 2. IC 12-15-14-6 IS ADDED TO THE INDIANA CODE
7 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
8 MARCH 31, 2003 (RETROACTIVE)]: **Sec. 6. (a) Beginning April 1,**
9 **2003, the state's Medicaid rate setting contractor shall calculate**
10 **medians and provider rates using the most recent completed year**
11 **as defined in subsection (b).**

12 **(b) "Most recent completed year"**, for purposes of this chapter
13 **and 405 IAC 1-14.6-7(a) and any successor rule, means the health**
14 **facility's most recently completed fiscal year. The term does not**
15 **mean the most recently completed cost reports on file.**

16 SECTION 3. IC 12-15-14-7 IS ADDED TO THE INDIANA CODE
17 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE



C
o
p
y

MARCH 31, 2003 (RETROACTIVE)]: **Sec. 7. (a) Beginning April 1, 2003, the state's Medicaid rate setting contractor shall calculate the median for each rate component each quarter, using all cost reports received by the state or the state's rate-setting contractor within one hundred fifty (150) days after each health facility's fiscal year end.**

(b) The state's Medicaid rate setting contractor shall request any additional information from a health facility not more than twenty-one (21) days after the cost report is received by the state's Medicaid rate setting contractor, and the state's Medicaid rate setting contractor shall include in the medians and the health facility's rate calculation all responses received within one hundred ninety (190) days after the health facility's fiscal year end.

(c) If a draft audit report has been issued for a health facility within one hundred fifty (150) days after the health facility's fiscal year end, the state's Medicaid rate setting contractor may request additional information relative to that draft audit report. If the draft audit report is issued more than one hundred fifty (150) days after the health facility's fiscal year end, the state's Medicaid rate setting contractor may not request additional information relative to that draft audit report for that rate review.

SECTION 4. IC 12-15-14-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 31, 2003 (RETROACTIVE)]: Sec. 8. Beginning April 1, 2003, the office shall modify the Medicaid reimbursement system for health facilities to remove expenses for property taxes from the capital component (as defined in 405 IAC 1-14.6-2 (g)) and calculate the expenses in a new rate component called property taxes. The office may not add a profit add-on payment (405 IAC 1-14.6-9(b)) to the calculation of the property taxes rate component. There is no limitation on the amount of the property taxes rate component in the rate calculation.

SECTION 5. [EFFECTIVE UPON PASSAGE] (a) Not later than July 1, 2003, the office shall adopt emergency rules under IC 4-22-2-37.1 to amend 405 IAC 1-14.6 to implement:

- (1) IC 12-15-14-6;**
- (2) IC 12-15-14-7; and**
- (3) IC 12-15-14-8;**

all as added by this act.

(b) Not later than January 1, 2004, the office shall adopt permanent rules under IC 4-22-2 to amend 405 IAC 1-14.6 to implement:

C
o
p
y



1 **(1) IC 12-15-14-6;**
2 **(2) IC 12-15-14-7; and**
3 **(3) IC 12-15-14-8;**
4 **all as added by this act.**
5 **(c) This SECTION expires June 30, 2007.**
6 **SECTION 6. An emergency is declared for this act.**

C
o
p
y

